

**REMARKS/ARGUMENTS**

Upon entry of this amendment, claims 1-3, 5-16, 18-25, 30, and 31 will be pending in this application and present for examination. Claims 1 and 14 were amended. Support for the amended claims can be found in the specification. No new matter has been added. Reconsideration is respectfully requested.

**Interview Summary**

Applicants would like to thank the Examiner for the interview conductor on July 31, 2007. During the interview, Applicants' attorney Lu Yin discussed with Examiner the pending independent claims.

Applicants' attorney pointed out that the cited references do not disclose, among other things, a warranty for the inspection report of products. Instead, the cited references disclose warranty for the products themselves. The Examiner appeared to acknowledge the difference. However, Examiner countered that based on the claim language, warranty for product is claim, as opposed to warrant for the inspection report. Examiner further indicated by clarifying the claim language, the claims may be in a better position for allowance.

**Claim Rejections under 35 U.S.C. §103**

Claims 1-3, 5-16, 18-25, 30, and 31 were rejected under 35 U.S.C. § 103 as allegedly being unpatentable over Woolston in view of eBay in view of Walker and further in view of Mondera (News article, "Modera.com Established New Standards of Quality and Consistency in Jewelry Industry, dated 10/21/1999). Applicants respectfully traverse all these rejections.

**Claim 1**

Applicants respectfully submit that Woolston, eBay, Walker, and Mondera, alone or in combination do not teach or suggest at least "merchandise inspection report including a warranty for the merchandise inspection report as an assurance to said buyer".

The Examiner conceded, on page 7 of the Office Action mailed February 27, 2007, that "Woolston does not teach the inspection report includes a warranty wherein the warranty is associated with the merchandise report." The Office Action asserted that Mondera cures this defect. According to the Office Action, "Mondera teaches presale certification and final inspection before the products are offered to consumers." The Office Action appears to suggest that Mondera's guarantee anticipate the "warranty" cited in claim 1. The Office Action further explained, on page 9 of the Office Action, that "guarantee insures that the buyer does not purchase a counterfeit item or an item of unacceptable quality". As the Examiner explained during the interview, the guarantee disclosed by Mondera is for the merchandises themselves, not for the inspection report.

In contrast, claim 1 recites a "merchandise inspection report including a warranty for the merchandise inspection report as an assurance to said buyer". For example, the warranty ensures the accuracy of the inspection report. In another example, a potential bidder or buyer, seeing that warranty for the inspection report, would know that the merchandise inspection report should accurately describe the merchandise item in an "as is, where is" condition. Therefore, Mondera does not cure the deficiency in Woolston.

Applicants further submit eBay and Walker, along or in combination with other cited references, also fail to disclose a "merchandise inspection report including a warranty for the merchandise inspection report as an assurance to said buyer".

Therefore, at least for the above reasons, claim 1 should be allowed.

#### Remaining Claims

The remaining claims should be allowed for the same reasons as claim 1, and more specifically for the features they recite.

#### Response to Arguments

Applicants respectfully submit that arguments presented in the Office Action are moot in light of the amendment. In addition, claims should be allowed for the reasons discussed above.

**CONCLUSION**

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 650-326-2400.

Respectfully submitted,



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